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ABSTRACT

The booklet is designed to be used as a teaching resource for junior high or secondary classes studying global affairs and interdependence. It describes the transnational exchange of farm products and manufactured goods between mid-America and foreign countries. Mid-America is made up of the 12 Great Lakes and Plains states, which include prime agricultural and industrial regions of the United States. The booklet is presented in five chapters. Chapter one explains the increasing interdependence of countries in the modern technological age, describes the location of mid-America, and discusses the importance of international trade. Chapter two discusses the role of the St. Lawrence Seaway in facilitating transnational trade. Cargo, toll charges, and length of shipping season are discussed. How a firm gets started in the export business is reviewed in chapter three. A hypothetical manufacturer of agricultural machinery is used as an example. Detailed information is provided on agencies which assist the exporter, services of the Bureau of International Commerce, special trade terms and documents, and functions of every person in the chain between exporter and foreign buyer. Chapter four defines the goals and activities of transnational corporations, and chapter five examines prospects for future trade. (AV)

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Mid-America Trades with the World

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The Mid-America Program

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FOREWORD

Tourism, trade, cultural exchanges, increased communication across national boundaries by mail, phone, or cable or by the exchange of films, T.V. programs, or print products provide more people with a growing number of opportunities to learn about and to participate in world affairs. Transnational contacts are increasingly influential in setting the direction of human affairs. This booklet prepared by Donald W. Robinson for the Mid-America Program for Global Perspectives in Education is concerned with one of the many patterns of transnational activities – the exchange of products between mid-America and the world outside the United States.

While keeping in mind that the exchange of farm products and manufactured goods represents but one of many channels for transnational connections, it is our hope that making this aspect of our world involvement more obvious and concrete will contribute to a better understanding of how the world works.

The Mid-America Program for Global Perspectives in Education, a project of the Social Studies Development Center, Indiana University, exists to help teachers and other educators in their efforts to improve the global perspectives of children and youth. This booklet is one of many publications and activities sponsored by the MAP. Major support for this booklet was provided by the Lilly Endowment.

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Publications of Port Promotion Division, Port Authority of New York and New Jersey, One World Trade Center, New York, New York 10048

St. Lawrence Seaway Development Corporation, 800 Independence Avenue, Washington, D.C. 20591

Indiana Department of Commerce, 336 State House, Indianapolis, Indiana 46204

U.S. Census Bureau Foreign Trade Reports

Seaway Review, The Voice of the Lakes, a publication of the Great Lakes Press, 3750 Nixon Road, Ann Arbor, Michigan 48105

Trade Winds, published by the International Trade Division of the Indiana Department of Commerce

The Seaport of Chicago, Office of International Transportation, Illinois Department of Business and Economic Development

Multinational Firm Strategies, Volume I. Proceedings of the Indiana University DBA Conference, August 1974, Richard N. Farmer, Editor

Columbus in the World: The World in Columbus, reprinted from International Associations, 1974, pp. 8-9

Kraft Inc., Glenview, Illinois

Chamber of Commerce, Green Bay, Wisconsin

Global Perspectives Handbook, by David Victor and Richard Kraft, and *International Trade in Mid-America*, by Steve Moore (with a supplement by Robert Anthony), prepared for and duplicated by the Mid-America Program

Mid-America International Agri-Trade Council (MIATCO)

U.S. Department of Commerce, District Offices in Chicago and Indianapolis

MID-AMERICA TRADES WITH THE WORLD

I Introduction

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DID YOU KNOW THAT

The State of Indiana maintains trade representatives in the Netherlands, Colombia, and Venezuela?

Holiday Inn has motels in 47 countries?

There are over 4,000 international organizations – from the International Senior Citizens Association to the International Passenger Ship Association; from the International Hotel Association to the International Association of Department Stores?

Throughout the world this year 5,000,000 persons are likely to die of starvation?

The fertilizer Americans consume each year for non-food uses (like fertilizing lawns and golf courses) would produce enough food to feed 100,000,000 for a year?

For every $1 billion in export sales, approximately 40,000 new jobs are created?

Two of the four largest companies in the world are headquartered in the Midwest?

Michigan ranks first among the fifty states in per capita exports?

Michigan has six international ports where U.S. Customs service operates?

Seventeen nations maintain consular offices in Michigan?

Only about eight percent of the U.S. manufacturing firms are engaged in export business? For Illinois the figure is eleven percent.

Of 10,000 American manufacturing establishments reporting foreign exports, 4,000 are located in Mid-America?

One fourth of all exports of manufactured goods (by value) come from the three Mid-America states of Ohio, Illinois, and Michigan?

The U.S. Army Corps of Engineers reports commerce at 67 different Great Lakes Ports, with the three leading ports being Duluth-Superior (48 million tons), Chicago (47 million tons), and Detroit (31 million tons)?

It is estimated that there are 1,200 non-U.S. owned subsidiary companies in this country directly involved in mining, manufacturing, and petroleum production. The leading nations in the ownership of these companies are, in order, Great Britain, Germany, Canada, Holland, and France?

Twenty years ago the average American ate 50 pounds of beef annually. This year he will eat 120 pounds – almost 2½ times as much?

THE WORLD IS ONE

Enough has been written about Spaceship Earth, One World, the Global Village, the Shrinking Planet, the Declarations of Interdependence to make us all aware of the basic truth that the well being of all of us on earth depends to an increasing degree on the welfare of all others. We are all part of a world-wide network in which the prosperity of every part of the globe is increasingly dependent upon the well being of people in all the rest of the world, though our awareness of the mutual dependence sometimes sags until we are jolted by a crucial situation like the energy crisis.

Perhaps the simplest and most obvious area of interdependence is the exchange of products. From the coffee, tea, or cocoa on the breakfast table to the rubber tires on our cars and the gasoline that fuels them, we are as dependent upon other countries for maintaining our standard of living as they are on us. Interdependence is at once so obvious that it requires no reiteration and so important that it should be spelled out in specifics so that it will be more than a glib and empty generalization.

Our thorough understanding of this inescapable mutuality and the need for sharing on a world-wide basis will not by itself insure that our young people will understand it – unless we help them learn. And it is easy to encourage them to learn. The simple act of counting the foreign made cars in the parking lot will, for some students, provide the first incentive to think about the importance of international transactions in everyday life. What happens to whom with the purchase of a new VW or Datsun? What are the economic effects on internatic nal balance of payments? What are the effects on the lives of people – their jobs, wages, living conditions?

This booklet is primarily concerned with the exchange of products between Mid-America and the world outside the United States, the foreign trade of Mid-America. Equally vital, if not more so, is the exchange of persons and services, but these areas lie outside the scope of this brief report

The reality of our world-wide involvement becomes more obvious every day. Whether we attribute this change to the humanizing effects of the threat of atomic holocaust, to the deliberate efforts by some to teach world mindedness, or to the world view that becomes almost inescapable with television, the communications satellite, and the increasing mobility of peoples, a world view is increasingly the normal view. Literally millions of persons move from one continent to another every year. Many businessmen now fly around the earth not just every year but every month. We are in truth citizens of the world.

Of course we always have been linked to all other persons on earth as common members of the human race, sharing the same resources, the same life forces, and ways of living far more similar than dissimilar. Many persons have until recently been scarcely aware of their shared existence beyond the limits of their nation and their ethnic group. Cultural, anthropological, biological, and historical links have always existed, even when they have been ignored. Now the oneness of all humanity becomes daily more apparent, not simply by virtue of the technological miracles that bring visual evidence to the television screens in our homes, but because of the growing awareness of the common problems faced by all humankind. Oil spills in the oceans endanger marine life on which all peoples depend. Fouled air, poisoned by factory fumes, atomic tests, or car and plane exhausts, is breathed by humans far from the point of pollution. Exhaustion of fuel and forest reserves affects not only those who live where these resources were located, but all the peoples throughout the world who have come to depend on these resources. Interdependence has existed for a long, long time, even though some persons are just now becoming aware of its importance.

The more advanced our technology becomes and the more widespread is the adoption of the industrial society, the more crucial this interdependence becomes, the more vulnerable our very existence. A breakdown in an electric power plant throws an entire section of the country into darkness. An industry-wide strike cripples one facet of our lives. The exhaustion of petroleum reserves would revolutionize our industries and shatter our standards of living. But if our increased world interdependency brings with it increased hazards, it also carries potential for shared benefits for all the world. Increased awareness of the needs of others and improved technology for transportation and communication makes possible a human sharing for the benefit of all beyond what has ever been realized.

An important aspect of this sharing is the exchange of material goods through international trade. Mid-America is playing an increasingly vital role in this phase of world interdependence and the purpose of this

booklet is simply to spell out some of the implications of world trade for Mid-America. In ten years since World War II, while the total ocean borne foreign trade of the United States was quadrupling, the foreign trade via the Great Lakes ports was increasing over a hundred fold. This participation of Mid-America in world trade continues to expand, with important repercussions on industrial prosperity, employment, and finance.

And while we are examining how the Midwest trades with the world, we must not forget that this trade in farm products and manufactured goods represents only one of many channels of international activity that continues unabated throughout the year.

American students by the tens of thousands go overseas to study and an even greater number of foreign students come to our schools and universities.

Vacationers from all over the world come to visit the United States, while Americans in ever-growing numbers travel to the far corners of the earth. Both sets of travelers of course learn more about the world's cultures and potentially contribute to the understanding and acceptance of the one world concept.

Businessmen fly to every continent to study markets and cultivate customers. Professional people – doctors, engineers, editors, scientists – attend meetings of their international associations, sharing developments in their respective fields to the benefit of all peoples.

Service organizations, such as Rotary International and the International Red Cross account for much international travel and exchange, as do religious conferences, academic exchanges, and governmental and military missions.

Cultural exchange occurs not only as a result of personal travel, but by constant communication by mail, telephone, and cable, as well as by world-wide exchange of television, moving pictures, and print products. As an indication of the extent of the exchange of published materials, one midwestern university reports that it receives regularly over 100 newspapers and 9,000 journals and magazines from overseas and each year acquires 40,000 new books and monographs from other countries. The internationalizing influence of these publications is immense, if unmeasurable.

MID-AMERICA, HEARTLAND OF THE NATION

Green Bay, Wisconsin, population 87,809, is probably best known for its professional football team, the Green Bay Packers. For others, this middle-size Mid-American city represents the site of a campus of the University of Wisconsin renowned for its ecological studies. Probably few persons outside of Wisconsin realize that Green Bay is a busy port, handling nearly 300 ship arrivals each year, with over a quarter of a million tons of imports and exports and ten times that amount of domestic shipping, mostly carried in United States lakers. Imports to the port of Green Bay last year came from Canada, Finland, India, Korea, Malaysia, the Philippines, Sweden, the United Kingdom, and West Germany. Exports from Green Bay went to Bangladesh, Bolivia, Chile, Colombia, the Dominican Republic, England, Ecuador, France, Holland, India, Kenya, Morocco, Norway, Peru, Poland, Russia, Tanzania, and West Germany. Major imports are woodpulp, plywood, and salt; leading exports, wheat, tallow, and flour.

And Green Bay is only one of scores of Mid-America cities from which goods are shipped directly overseas. Airports, river ports, and lake ports link Mid-America with the world by import and export trade, contributing to the welfare of the region, the nation, and the entire world.

Mid-America, sometimes referred to as the upper Midwest, includes twelve states, often divided into two groups, the Great Lakes states and the Plains States, or the East North Central and West North Central areas.

This block of twelve states extending from the Alleghenies to the Rockies in the northern half of the country, includes one fifth of the land area of the United States and one fourth of the population. In this 20 percent of the land area of the U.S. are located 40 percent of the manufacturing establishments.

Foreign trade from Mid-America is already so substantial as to require the maintenance of eight U.S. Customs districts, located at Pembina, (North Dakota), Minneapolis, Duluth, Milwaukee, Chicago, Detroit, Cleveland, and St. Louis. (A customs district is established by the U.S. government to handle import taxes and other foreign trade matters in the area it serves.)

Foreign shipments originate at 38 Mid-America airports and a comparable number of river and lake ports.

Nearly 40% of U.S. exports of manufacturers are from Mid-America, a substantial increase over the percentage of a decade earlier.

One indication of the trade activity of an area is the location of foreign consulates in cities of the region. A consulate is an office maintained by a foreign government to handle problems concerning that country or its citizens, mostly problems related to trade and travel. In Mid-America 244 consulates are located in 35 cities, with at least one in each of the 12 states, and with eight cities having eight or more consulates, and one, Chicago, with 63. Ohio has 38 consulates, Michigan 44, Missouri 43, Minnesota 25.

These indices of the volume of trade originating in Mid-America, requiring eight customs districts and 244 consulates should make it easy for us to overcome the outworn and obsolete notion that foreign trade begins and ends at East and West coast ports. Mid-America has become a substantial place of origin for foreign trade, with scores of ports serving overseas markets by air and by lake, river, and ocean routes. Perhaps the importance of Mid-America's contribution to America's overseas trade is best illustrated by the fact that of all the fifty states Michigan ranks first in per capita exports.

THE IMPORTANCE OF INTERNATIONAL TRADE

It would be difficult to find more impressive illustrations of the critical importance of foreign trade than in the statements of President Carter's advisors on the eve of the President's visit to London in May, 1977, to discuss economic problems with the leaders of other nations. The President's key economic advisors pointed out that:

One out of every six manufacturing jobs in this country produces for the export market.

One out of three acres of American farmland produces for the export market.

Nearly one out of every three dollars of American corporate profits now results from multinational corporation activities.

The United States depends on imports for more than a quarter of 12 of the 15 key industrial raw materials it uses.

The results of international trade can be enormously profitable, both in the business and cultural senses. Ideally, international trade is a mutually beneficial arrangement to both buyer and seller and serves the interests of both countries involved in the transaction.

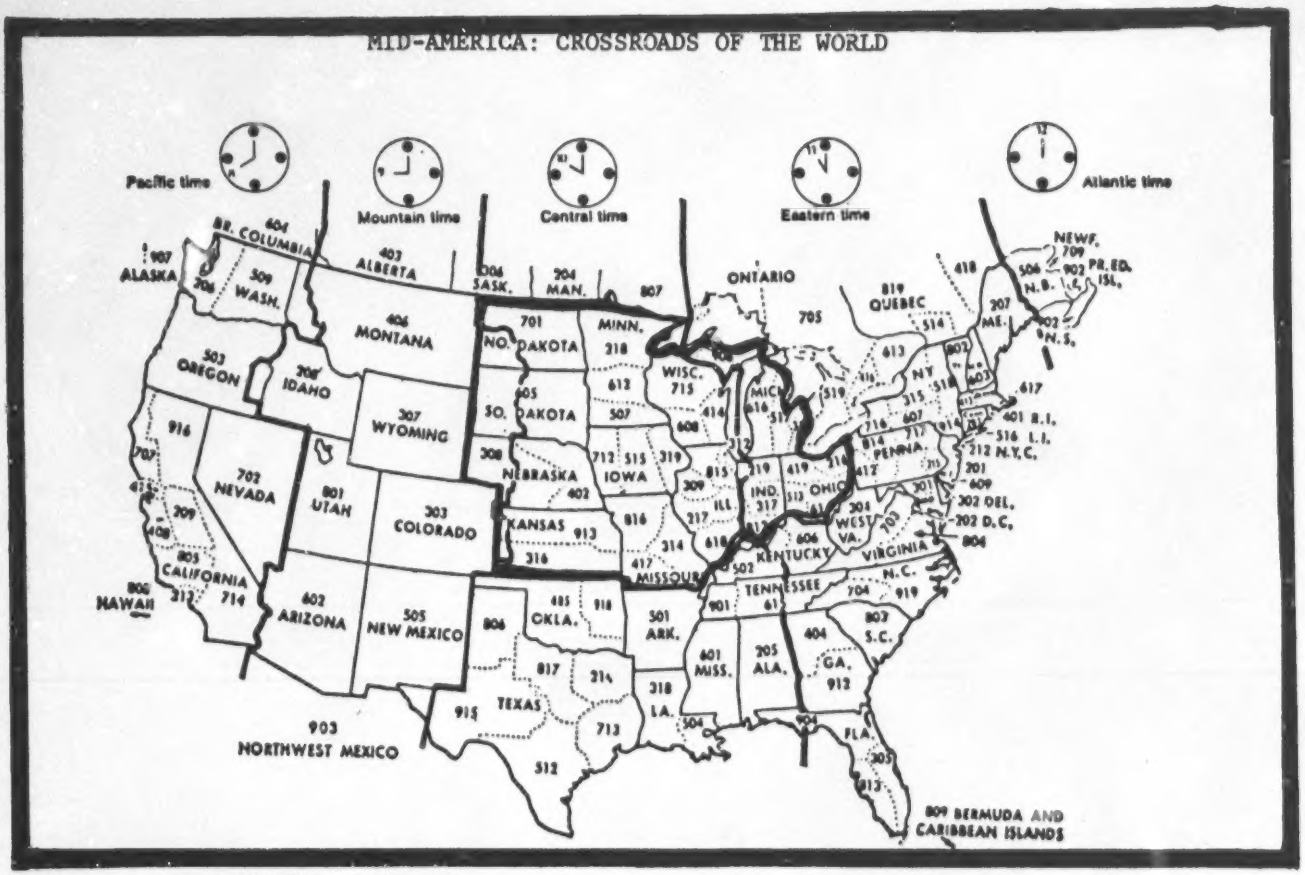
From a business point of view, international trade is vital because it helps retain an even or favorable balance of trade. This favorable balance of trade means that a country exports as many goods and services as it imports. Many U.S. manufacturers export enough products and services much of the time to offset high volume of imported oil and other goods and resources. During most of 1977, however, we have had an unfavorable balance.

International trade creates jobs. When more products are being purchased overseas, more labor is necessary to manufacture the products and more professional people are needed to develop the international markets. U.S. Bureau of Labor Statistics suggest that for every billion dollars of real exports, 70,000 jobs are created. In the face of our current employment level, it is more important than ever to create jobs. Expanding exports of American products is an effective means of reducing unemployment.

A third major advantage of international trade is a broader tax base which results from increased sales volume. This means more revenue for the individual, the city, and the nation.

The results of international trade are both financially desirable and culturally expanding. Through business contacts overseas by phone, letter, or visits, one learns new ways of conducting business according to the local or national customs. The Japanese, for example, often require days of discussion and consideration before concluding a business transaction. There are certain customs and courtesies one should always keep in mind when doing business with the Arabs, Chinese, or other peoples. One is faced with new languages, different foods,

MID-AMERICA: CROSSROADS OF THE WORLD



PLAINS STATES

Population: 16,322,100
Manufacturing Establishments: 20,635
Wholesale Establishments: 31,275
Retail Establishments: 166,770

The Plains States Area is made up of seven states: Missouri, Kansas, Iowa, Nebraska, Minnesota, North Dakota, and South Dakota. The chief distribution centers are Minneapolis/St. Paul, Des Moines, St. Louis, Kansas City, Wichita, Omaha, Sioux Falls, and Fargo. This is the most productive agricultural area in the world. It also has very extensive cattle and poultry industries. Notwithstanding the Plains States enormous agricultural value, manufacturing is the dominant and stabilizing force in this area. A wide range of consumer and industrial products known world wide are turned out here including aircraft, electronics, hardwear, chemicals, mining products, plastics, apparel, leather goods and countless others. Population and disposable personal income are growing and industrial expansion is evident across the full dimensions of this area. This is indeed a lucrative market for the foreign-based manufacturer.

GREAT LAKES STATES

Population: 40,253,000
Manufacturing Establishments: 65,090
Wholesale Establishments: 62,530
Retail Establishments: 321,460

The Great Lakes Area is made up of five states: Ohio, Illinois, Indiana, Michigan, and Wisconsin. Its principal distribution centers are Chicago, Cleveland, Detroit, Milwaukee, and Indianapolis. This area is the industrial heart of the United States. It is the center for automotive, heavy construction equipment, steel, chemicals, glass, soaps, furniture, electronics, food processing, printing, pharmaceuticals and a large number of other important industries. The rate of employment, levels of disposable personal income, industrial and population growth, and other indexes of product consumption are high and stable. There is virtually no consumer or industrial product being manufactured that could not find a market in this Great Lakes Area.

Foreign cargo ships line the docks at Navy Pier, as Chicago's towering skyline looks on.

MID-AMERICA PRODUCTS
ARE SHIPPED TO ALL

PARTS OF THE WORLD

DIRECTLY FROM MID-AMERICA PORTS.

Foreign cargo ship at Lake Calumet loading grain produced in the Midwest for shipment to Europe.

customs and habits, all of which sensitize the businessman to deal with these diversities.

Through international trade, our world becomes smaller as we physically travel long distances in short periods of time and learn to adjust to various cultures. Perhaps with the increased awareness encouraged by international trade and exchange, countries and peoples around the world can learn to help each other and to live peacefully together.

International trade, by providing larger total markets than just the home country, encourages mass production. This is important, even in the U.S. and is of even greater importance to a small country like Belgium whose home market is small.

This increased mass production makes possible even greater specialization, with the result that highly industrialized nations engage in substantial trade with each other. The four largest trade customers of the United States, for example, are Canada, Great Britain, Japan, and West Germany, all highly industrialized nations themselves. This is partly because it is these countries which have the high incomes and therefore the purchasing power to engage in trade but also because it is industrialized countries which have carried specialization furthest. For example, the U.S. exports Kodaks, Chevrolets, and IBM machines; it imports Leicas, Volkswagens, and Olivetti business machines.

The cost of transportation is another reason for international trade. Since it is cheaper to transport bulky materials by water than by land, a steel plant near Baltimore, Maryland, finds it more economical to import iron ore from Venezuela by ship than to bring it by train from Minnesota. Texas exports oil to other parts of the world while the New England states import it. Thus, international trade permits goods to be produced more cheaply, thereby providing more goods for more people and raising living standards.

World trade is even more important to most small countries than it is to the United States. Japan, Belgium, and Britain, for example, are dependent on exports and imports for survival. Since they are densely populated – Japan has 90 million people (more than a third of the U.S. population) in an area the size of California and Britain has 45 million (about a fifth of the U.S. population) in an area the size of Oregon – they can enjoy high living standards only if they can import foodstuffs and raw materials and export manufactured goods to pay for them.

LEADING NATIONS IN TRADE WITH THE U.S.
(Billions of Dollars)

U.S. Exports, 1975		*U.S. Imports, 1975*	
To:		From:	
Canada	21	Canada	22
Japan	9	Japan	11
West Germany	5	West Germany	5
Mexico	5	Mexico	3
United Kingdom	4	United Kingdom	3
Netherlands	4	France	2
Iran	3	Brazil	1
France	3	Iran	1
Brazil	3	Netherlands	1

The economic growth of the developing countries depends largely on foreign trade and investment. Mexico, for example, has been very successful in boosting its exports of raw materials and foodstuffs, such as cotton, sulphur, coffee, and shrimp, in developing its tourist industry, and in attracting foreign investments. The income from these sources has enabled Mexico to import the machines and tools she needs to develop her agriculture and industry and raise the living standards of the Mexican people.

International trade has the further advantage of encouraging cooperation between and among domestic units, with cities, counties, states, and regions sharing in the task of promoting the general welfare. As long ago as 1921 the states of New York and New Jersey created the Port Authority of New York and New Jersey and agreed to

undertake a program of developing and promoting the bi-state port as a means of benefiting the nation as well as the two states involved. The port authority maintains two trade development offices in the Midwest, one in Cleveland, the other in Chicago. Incidentally, ten other American seaports maintain trade development offices in Chicago. And the St. Lawrence Seaway has encouraged substantial cooperation among the cities and states of the Great Lakes area in making the best use of this magnificant waterway that brings the whole world directly into Mid-America.

II. HOW MID-AMERICA's PRODUCTS REACH THE REST OF THE WORLD
By barge, truck, train, plane, laker, and liner

Some of Mid-America's trade with other countries moves directly overseas by plane or ship from Mid-America cities, some is carried down the Mississippi River on barges to ocean going ships at New Orleans, and some is transported to East coast ports by truck and train and thence by ship to its overseas destination. Export shipments arrive in New York from all over the country, 50% by truck, 27% by rail, 11% by ship, the remainder by air and other methods. The top ten states in volume of shipments to New York for overseas trade include five Mid-America states.

The same situation is true in reverse of imports arriving at New York. The final destinations of these imported goods include five Mid-America states among the top eleven. The leading import products are food and beverages, manufactured goods and machinery and transportation equipment and the leading receiving states are Illinois, Ohio, Michigan, and Wisconsin.

Instead of sending goods to New York for shipment overseas, the Mid-America shipper might route goods down the Ohio and Mississippi Rivers. Barges carry 600 million tons of freight down the Mississippi each year – 15% of all our domestic commerce. Twenty barges are lashed together to make a raft four boats abreast, each 200 feet long. These rafts are pushed by a single towboat and manned by a crew of eleven. From Cairo, Illinois, to St. Louis to Baton Rouge and New Orleans barges travel laden with grain and other crops and products. The Army Corps of Engineers maintains the river and the 29 locks and dam facilities that make possible passage in the shallow upper Mississippi.

SAIL THE SEAWAY AND SAVE

Perhaps the most dramatic of all the trade routes connecting Mid-America with the overseas world is the famed St. Lawrence Seaway, developed by the patient cooperation of the governments of the two great nations who share the St. Lawrence River as their boundary. The Seaway, 2342 miles long from Duluth to the Atlantic, with locks raising and lowering ships 600 feet, has been in operation 18 years.

The ships which regularly transit the Seaway System are as varied as the cargos they carry. Vessels move through the System night and day on their way to ports of call on the Great Lakes and around the world.

The Great Lakes have been officially recognized as the nation's fourth seacoast and approximately 6,000 vessels representing some 60 nations utilize the Seaway System. The U.S. and Canadian laker fleets represent the largest segment of national registry followed by Liberia, Norway, and Greece, which lead the ocean going fleets.

The ocean fleets that serve the lake ports through the Seaway connect those ports with over 60 overseas ports in 42 countries.

After 18 seasons of continuing service to the nation's industrial and agricultural heartland, the St. Lawrence Seaway continues as an economic lifeline from the Atlantic Ocean, through the St. Lawrence River, to the major ports on the Great Lakes.

SEAWAY RECORDS

Earliest Opening	March 25, 1975	Largest Ship:	Oceangoing	*709' x 75'6"
Latest Opening	April 25, 1959		Laker	**730' x 75'6"
Earliest Closing	December 3, 1950, 1960	Largest Cargo:	Oceangoing	***22,980 tons
Latest Closing	December 23, 1972		Laker	****30,428 tons

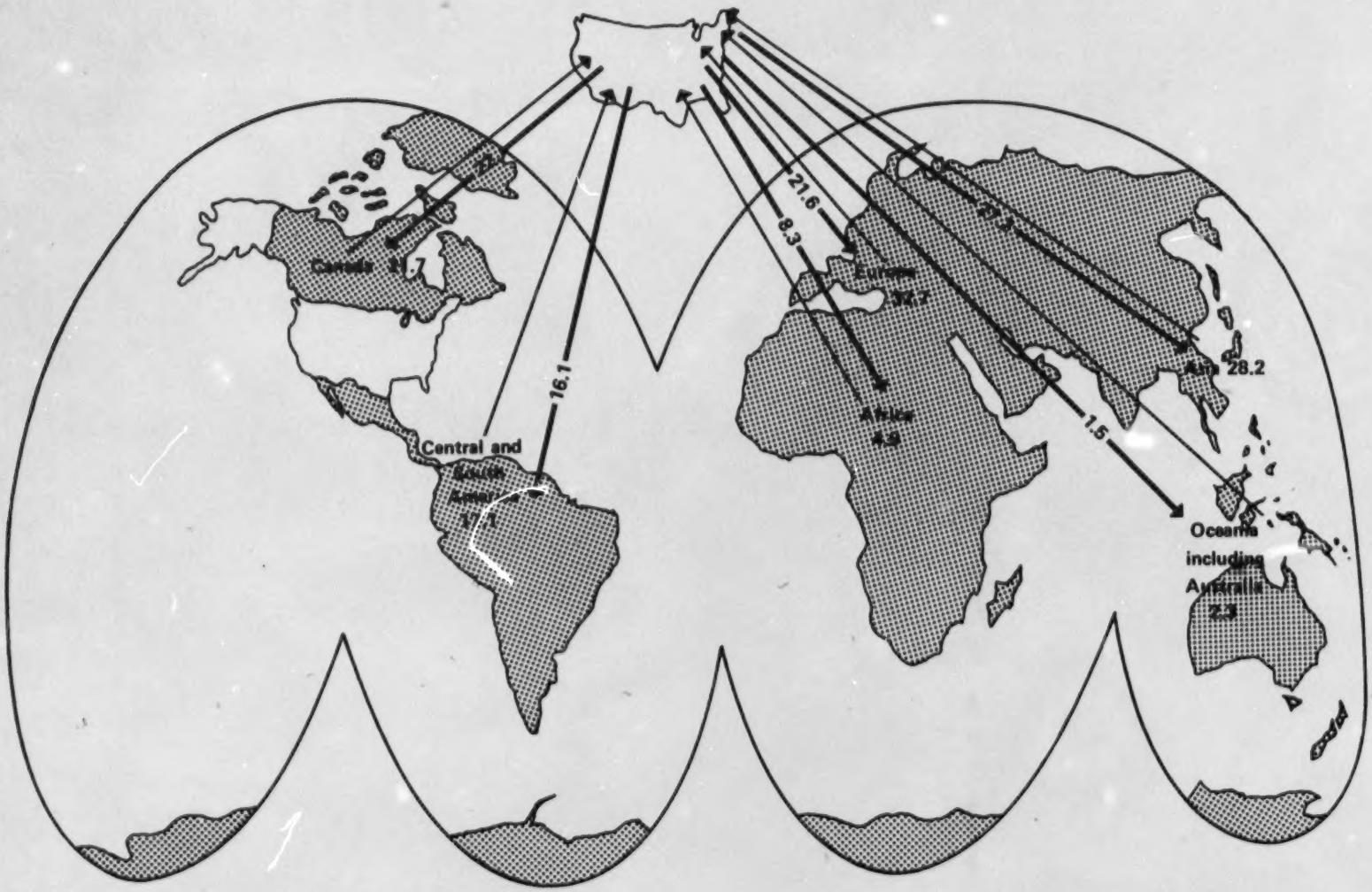
*The Norwegian bulk carriers NANFRI and ANDWI and the Liberian carrier DOBERG are of the same dimensions.

**A number of lake vessels have been built to these dimensions.

***Carried by the DOBERG, Federal Commerce and Navigation Company, in 1974.

****Carried by the J.W. McGIFFIN, Canada Steamship Lines Ltd., in 1973.

OUR FOREIGN TRADE IN BILLIONS OF DOLLARS



U.S. IMPORTS, 1975 ——

U.S. EXPORTS, 1975 ——

TOTAL U.S. IMPORTS 107.5

TOTAL U.S. EXPORTS 96.8

It has been said many times, and rightfully so, that the nation cannot afford to neglect one of its key trade routes – a route which offers shippers low cost, energy-efficient transportation. Throughout its history, the mere presence of the Seaway has served to keep transportation costs competitive for midwest industry. The Seaway has established itself as a vital transportation artery over the past eighteen years and will solidify that role in the years ahead.

As with any transportation mode, changing conditions over the past seasons have required constant updating. These changes have been made through cooperative, innovative efforts of governmental leaders, the maritime shipping industry, and numerous public agencies in both the United States and Canada.

Moving commodities from one given point to another is really what the Seaway is all about. Iron ore, grain, wood pulp, machinery, and many other kinds of cargo make the journey up and down the St. Lawrence River.

There are two basic categories of cargo in the Seaway, bulk and general.

Bulk cargo such as U.S. and Canadian grains and Canadian iron ore accounted for over 70 percent of total tonnage through the American locks of the Seaway in 1976.

Ore shipments through the St. Lawrence River section of the Seaway originate in Quebec-Labrador and move upbound to iron and steel producers through offloading ports in Lake Ontario, Lake Erie, and Lake Michigan. Grain movements to lower St. Lawrence transfer points provide backhaul cargo for the upbound iron ore vessels.

Wheat, corn, soybeans, barley, oats, and rye are the major grains moving throughout the system. Grain movement is significant in that it is the one major volume commodity which involves carriage by both the laker and ocean going fleets. Grains move in the domestic and international commerce of both U.S. and Canada.

General cargo includes packaged, processed, and manufactured products. This type of cargo has approximately five times greater value per ton than bulk commodities.

Containers and manufactured goods are an important segment of the general cargo trade. The Seaway entities in the U.S. and Canada, along with the Great Lakes Maritime Industry, have consistently encouraged the development of container services.

In the face of fierce competition for container movement through U.S. and Canadian tidewater ports, the Lakes port community is expanding present facilities to better service its container customers. Saint Lawrence Seaway Development Corporation personnel are also seeking ways to make shipping containers through the Seaway more attractive.

SOME KEY QUESTIONS AND ANSWERS ABOUT THE ST. LAWRENCE SEAWAY

What Are the Toll Charges?

For transit of the international section of the Seaway between Montreal and Lake Ontario, including the five Canadian locks and the two American, the schedule applied since the 1959 opening of the Seaway is 90 cents per ton of general cargo, 40 cents a ton of bulk cargo, .04 cents per gross registered ton of a commercial vessel, and $3.50 per passenger.

A minimum of $14 and $28 is charged, respectively, for pleasure craft and other vessels. Tolls are divided with 27 percent to the U.S. and 73 percent to Canada. During 1976, the corporation's income from tolls was about $6.9 million.

Are There Any Other Tolls Along the Entire System?

Only through the Welland Canal locks. These Canadian-built-and-operated facilities, between Lakes Ontario and Erie, provide for navigation around Niagara Falls. The charge for vessel passage is $100 per lock for the eight locks. Passage is free through the remaining locks in the system, the St. Mary's River Sault Ste. Marie (S00) facilities. These are operated by the U.S. Army Corps of Engineers and the Canadians.

What Would Be A Typical Voyage Be Like For A Ship Sailing from the Atlantic Ocean Entrance to Duluth, Minnesota?

Such a ship would transit 2,342 miles. Traveling at an average speed of 10 knots, the trip would last about seven days. The ship would pass through 16 locks and be raised 602 feet. Major U.S. deep draft ports of call

could include Ogdensburg, Buffalo, Erie, Ashtabula, Cleveland, Toledo, Detroit, Bay City-Saginaw, Muskegon, Burns Harbor (Ind.), Chicago, Milwaukee, Green Bay, Superior, and Duluth.

One thing often overlooked is that some distances to Europe are shorter via the Seaway than from the East Coast. For example, from Cleveland to Rotterdam via the Seaway is only 3,674 miles, versus, 3,684 miles from Baltimore to Rotterdam.

How Long Is the Seaway Shipping Season?

Generally, from early April through mid-December. Ice, fog, and other severe winter conditions have been the main obstacles to remaining open 12 months. Due to corporation season extension efforts, however, a total of 48 more shipping days have been added since the 1959 opening. In the longest season the locks were open to shipping March 25, 1975, and kept open through December 20.

What Are The Primary Types Of Cargo Shipped Via The Seaway?

Iron ore, grain, oil, and processed agricultural products. Major general cargo commodities are manufactured goods and steel and iron products. During 1976, 5.4 million tons of cargo passed through the corporation's locks. Of that total. 49.9 million tons was bulk and 4.5 million tons was general cargo. Commercial vessel transits during the year totaled 4,565.

Shipping Advantages:

- less inland transportation costs
- less handling, damage, and pilferage
- less costly packaging and packing
- more opportunity to exercise personal supervision of your shipment at the port
- wide choice of ports, services, and sailings
- all ports have excellent air, rail, and highway transport connections

ALL ADD UP TO SHIPPING SAVINGS!

CLASSROOM REPORT ON THE GREAT LAKES

An elementary school social studies teacher who teaches a unit on the Great Lakes region reported these gems in the *Seaway Review*:

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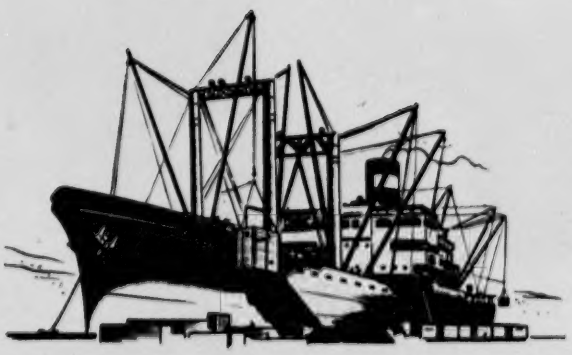
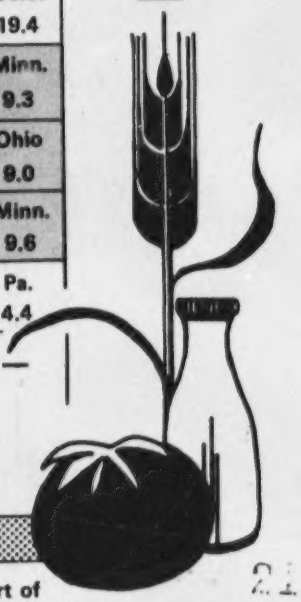


LEADING STATES FOR AGRICULTURAL EXPORT SHARES, FISCAL YEAR 1975

Commodity	United States	Leading 10 States by Rank in Million Dollars									
		1	2	3	4	5	6	7	8	9	10
All Commodities *	20,333.7	Ill. 1,670.4	Iowa 1,661.0	Kansas 1,345.4	Texas 1,262.7	Calif. 1,135.9	Minn. 938.5	Neb. 909.9	Ind. 874.6	Ark. 773.9	N.C. 764.7
Wheat and Products	5,000.9	Kansas 921.7	N.D. 526.2	Okla. 388.3	Wash. 345.1	Mont. 325.6	Neb. 285.0	Colo. 195.5	Ohio 186.9	Minn. 186.9	Idaho 165.2
Feed Grains and Products	4,812.6	Iowa 824.2	Ill. 723.3	Neb. 393.8	Texas 370.7	Ind. 337.0	Minn. 329.2	Kansas 245.2	Ohio 231.9	Mo. 151.1	Wisc. 137.0
Soybeans and Products	4,155.7	Ill. 699.0	Iowa 670.7	Ind. 329.1	Mo. 322.5	Ark. 289.7	Minn. 285.9	Ohio 268.9	Miss. 157.5	La. 151.3	Tenn. 107.6
Lard and Tallow	484.4	Texas 53.9	Iowa 45.9	Neb. 34.9	Kansas 28.3	Mo. 23.7	S.D. 23.5	Calif. 21.2	Okla. 21.1	Ill. 20.9	Colo. 19.4
Vegetables and Preparations	399.8	Calif. 94.5	Wash. 60.4	Idaho 51.5	Mich. 40.8	Neb. 24.3	Colo. 20.0	Fla. 17.6	N.Y. 10.4	Ore. 10.3	Minn. 9.3
Meats and Meat Products, Excluding Poultry	341.7	Iowa 52.1	Ill. 28.6	Texas 23.1	Neb. 22.3	Mo. 20.4	Minn. 17.9	Ind. 16.8	Kansas 16.4	S.D. 15.6	Ohio 9.0
Hides and Skins	301.4	Texas 37.9	Iowa 21.5	Neb. 21.5	Kansas 18.1	Calif. 15.9	S.D. 15.8	Colo. 14.4	Okla. 14.4	Mo. 13.2	Minn. 9.6
Dairy Products	140.6	Minn. 33.0	Wisc. 29.1	Calif. 17.9	Iowa 11.4	N.Y. 9.5	Ohio 5.8	S.D. 4.8	Wash. 4.5	Mich. 4.5	Pa. 4.4
Flaxseed and Products	78.2	N.D. 36.1	S.D. 20.4	Minn. 18.5	Texas 2.2	Mont. 1.0	—	—	—	—	—

*$20.3 billion worth, out of U.S. agricultural exports of $21.6 billion, were allocated by States.



The importance of the Midwest as an exporter of food products is dramatically illustrated in this table of the leading states in the export of each important food category. Deleted from the list are cotton, rice, tobacco, cottonseed and peanuts, which are not raised in the midwest states.

III. HOW TRADE IS CARRIED ON
HOW DOES A FIRM GET STARTED IN THE EXPORT BUSINESS?

How a firm becomes engaged in overseas trade and how it handles the endless new problems connected with foreign trade – translation, currency exchange, packaging, routing, shipping, billing, government regulations – could be the subject of many large volumes. All we can attempt is to suggest the nature of some of these problems through citing a few hypothetical cases.

The first case is the Howe Equipment Company, a manufacturer of agricultural machinery whose domestic business has been quite profitable, with sales increasing steadily over past years. Mr. Howe, the company president, has read about the State Department of Commerce Trade Missions to South America for the "purpose of locating overseas business for Indiana manufacturers." He receives in the mail a trade lead sent to him by the International Trade Division of the Indiana Department of Commerce. A trade lead, he soon learns, is an opportunity to do business with someone overseas. The lead provides information about the quantity and specifications of an order for grain dryers wanted by a company in Caracas, Venezuela. The name, address, telex, and name of the person to contact in Caracas are included in the lead. Mr. Howe wonders about the desirability of getting involved in the complexities of exporting. His grain dryers are doing well in the U.S., so he thinks perhaps they would sell elsewhere. He calls the Department of Commerce to find out more about how to export.

The Commerce Department provides him with background materials on exporting, and adds his name to their newsletter mailing list. The newsletter lists foreign trade leads and discusses the services and programs of the department which can assist Mr. Howe in locating buyers and distributors overseas. He also receives a list of agencies to contact, such as banks with international divisions and freight forwarders – very necessary people for the exporter to know. When Mr. Howe asks what would be the next step for him to take he is advised to write to the Venezuelan company with a quotation (estimate of the cost), including transportation, of the specified order of goods, and to include with the letter literature or brochures describing his product. It would be helpful to have such descriptions in Spanish. Mr. Howe decides to see how this first effort in exporting works. If all goes well, he might invest in a translation of his product literature.

Mr. Howe is also advised to run a credit check on the Venezuelan company. Credit checks can be located through Dunn and Bradstreet, a bank, or a World Trader's Data Report from the U.S. Department of Commerce. Mr. Howe checks with them as well to determine if an export license is necessary.

After three weeks, Mr. Howe receives a letter from the Caracas firm asking for a quote CIF Caracas instead of FOB Fort Wayne. This means the overseas firm is asking for the cost of the goods including insurance and freight from Fort Wayne to Caracas. FOB, or "Free on Board," is the price of the goods at the named point of origin; i.e., Fort Wayne, Indiana. Overseas buyers are usually most interested in the CIF quotation because it provides the entire cost information (goods and transportation). The exporter prepares this cost with the assistance of a foreign freight forwarder who can determine the cost of moving freight inland, by sea, and by air.

Mr. Howe promptly replies to the inquiry and is contacted by telephone to discuss the date of shipment and date of debarkation as well as the terms of payment. Mr. Howe and the buyer decide to set up a letter of credit, which is the arrangement for payment most often used because it assures the exporter of payment through the bank. Many times if the exporter is familiar with the overseas buyer or distributor he will sell open account, which usually delays payment until the buyer has received the merchandise.

Mr. Howe completes the export declaration form and hands the other documents to the freight forwarder who will take care of the required papers. The shipment is on its way in a few days and a month later he receives his payment. Hopefully, this will be the beginning of a profitable relationship for both companies. Many times, however, getting an order from overseas is not nearly as simple as this. It may require months of market research, contacting by letter several hundred companies, and much patience, until finally an order comes which may lead to a long-lasting, profitable relationship.

For a company interested in exporting but lacking the time, money, and personnel to get involved directly, there is another alternative. Such a company may consider employing the services of an Export Management Company (EMC). An EMC has the capability to serve as the entire export department for a manufacturer. This was true for Svec Corporation in Logansport, Indiana, a manufacturer of mobile homes which was suffering a slump in their U.S. sales. They had been reading and hearing about opportunities for profit in overseas markets,

especially in the Middle East. Here was an area that was short of housing both for their own citizens and for hundreds of foreign businessmen living there while attempting to sell their products and services to the oil-rich Arabs.

Mr. Svec, president of the Corporation, felt at the time that the company could not afford the time and money necessary to get involved in an extensive export program. He contacted the bank, Chamber of Commerce, and Department of Commerce to assist him in locating a qualified EMC. After some investigation, he met with a long-established EMC, Star International Export. This company had a long record of experience and expertise in exporting, and well-established contacts overseas, especially in the Middle East. The company also represented two other manufacturers of related but noncompetitive products – construction machinery and building component parts. This diversity was very important because it enabled Star Export to take on the Svec account at a nominal fee and offer its already established contacts a new line of products.

Mr. Svec discovered that Star could handle all aspects of international trade – marketing, financing, and transportation. Star had specialists who did market research for his products, traveled overseas, arranged financing and transportation, and advised on the most effective method of advertising for international circulation. Star represented Svec at international trade fairs where his mobile homes were displayed to prospective buyers. The responsibility of Svec, as the manufacturer, was to train and provide orientation to Star personnel concerning the unique features and details of the mobile homes so that they could become experts in the products they were representing and promoting. Svec also provided product literature for promotional purposes. Svec agreed to an exclusive representation for a period of five years. This gave the EMC time to develop markets and set up dependable buyers and distributors for its client. Compensation for Star International Corporation was a percentage of the manufacturer's invoice value.

Svec found that for his company, the EMC offered the best means to get involved in exporting. For a nominal cost he enlisted the services of a highly-skilled and experienced organization to enhance his domestic volume by the increased sales to the international market.

Svec can now leave all areas of international trade in the hands of the EMC and worry only about domestic business. The EMC becomes an expert in the products it promotes so that it effectively represents the manufacturer. The specialty of many EMC's is establishing overseas distributors for manufacturers. Because the EMC may represent several manufacturers of related but non-competitive products, it can provide services to an additional client at a nominal fee.

AGENCIES THAT ASSIST THE EXPORTER

Many private organizations have been formed to promote various industries and special economic interests. In addition to the voluntary associations of wheat growers, soybean growers, and farmers involved in raising nearly every other crop, there is also the Mid-America International Agri-Trade Council (MIATCO), which provides for its members market information and buying services to promote the sale of food products all over the world. MIATCO works closely with the U.S. Department of Agriculture, an example of the federal government teaming up with regional organizations of private companies and individuals to promote international trade.

It also publishes brochures advising its members where they can secure specialized assistance in their foreign trade ventures. A recent publication listed these service agencies that an importer or exporter would probably want to know about:

Banks with International Departments

International financial services include foreign loans, commercial letters of credit and acceptances, travelers letters of credit, foreign exchange; supplying marketing direction and research; seeking correspondent bank assistance in finding buyer agents and credit information; counseling and assisting with collection techniques to insure payment; and assistance in documentation. Most of the MIATCO member states have local commercial banks with international departments or have assistance available through international banks on a correspondent banking relationship.

Foreign Consulates

Foreign consular offices in the United States usually have a commercial counselor or attaché. His principal function is to assist firms in his home country to export to buyers in the United States. However, this representative is also a source of information to the American exporter. For instance, he can usually obtain up-to-date information on custom duties and shipping regulations in his home country. Occasionally, the attaché will assist an American firm in its overseas investment program or in establishing joint venture or licensing arrangements with foreign companies. Consular offices are also excellent sources of information and advice for those planning visits to their respective countries. Many of the consular corps issue visas and handle formalities which are sometimes required for business visits. Locations and addresses of consular offices may be obtained from MIATCO.

Freight Forwarders

Freight forwarders are licensed by the Federal Maritime Commission and are considered an integral part of the American Merchant Marine. They are specialized in export operations, overseas import regulations, customs clearance, and shipping rates and schedules. They assist exporters in determining or paying the correct freight rates and insurance charges. In addition to offering advice on such matters as packaging and inland freight, they also have affiliates in foreign countries to handle the clearance of a shipment once it arrives. A complete list of freight forwarders serving the MIATCO states is maintained by the MIATCO office in Chicago.

Insurance

Insurance is a very important part of an international transaction. There are two distinct types of insurance: Marine Insurance which applies to insurance placed on cargo to cover the risks of transportation; and secondly, Credit Insurance, which is issued to insure against default in payment by the foreign buyer. Marine Insurance is available from several sources. Consult your local insurance agent or freight forwarder for advice or contact MIATCO for a list of the insurance underwriters offering this coverage. The Foreign Credit Insurance Association, which offers insurance on accounts receivable, has many special policies available. For information, contact the Foreign Credit Insurance Association, 10 South Riverside Plaza, Chicago, Illinois 60606.

Transportation Companies

The three commonly used carriers to haul to and from seaports are railroads, trucking companies, and airlines. In some areas barge lines are also used, especially for bulk commodities. All four industry segments can provide exact inland freight and route information which the exporter may need to prepare accurate quotations. The MIATCO office has a complete listing of each of the services of these four common carriers. This information is provided upon request and without charge.

Translation Service

Translation and other foreign language services are available from numerous private sources publicized principally in metropolitan areas. Individual assistance can be found readily in language departments of secondary schools and colleges. A list of translating services is also maintained by the MIATCO office.

Export Management Companies

Companies that do not have foreign trade specialists in their organization can always avail themselves of the services provided by export management companies (EMC's). The professional staff of the EMC's are versed in all aspects of exporting and keep abreast of current business trends in foreign markets for their principal products; travel overseas to determine the best method of distribution; appointing distributors or commission representatives; exhibiting products at international trade shows; adapting advertising to foreign markets; corresponding in foreign languages. An EMC can represent his client as an actual export department, he can take title and sell under EMC's name or he can be an international consultant. In other words, many suitable arrangements can be made between an EMC and the manufacturer. An up-to-date list of EMC's specializing in agri-products and processed food items is maintained by MIATCO.

Chambers of Commerce

All Chambers of Commerce are a source of assistance, particularly with respect to referral to an international resource. Some Chambers provide specific services for their members, such as documentation (validating certificates of origin); trade promotions including trade missions; contacts with foreign companies and distributors; transportation routings; hosting of visiting trade missions. The principal Chambers of Commerce in the twelve MIATCO states are on file at the MIATCO office.

The territory the MIATCO states cover is indeed some of the most productive farmland in the world. MIATCO is comprised of twelve states including: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. This great agricultural producing area is located in the north central portion of the United States between 37 degrees and 49 degrees latitude and 80 degrees and 104 degrees longitude and covers an area of some ¾ of a million square miles.

The United States covers 3,615,123 square miles of land with the MIATCO territory being some 21% of that or 765,530 square miles. It's interesting to note that while MIATCO has only 21% of the total area in the United States it boasts of 60% of the total acres harvested in 1975. Of the 324,808,000 total U.S. acres harvested MIATCO territory claimed 192,414,000 of those acres. It is indeed interesting to note that 60% of the harvested acres in 1975 lie on only 8.3% of the total U.S. land mass. The twelve-state MIATCO region accounts for 85% of the U.S. corn crop, 37% of the sorghum grains, 81% oats, 35% barley, 55% of all wheat, 91% durum wheat, 65% rye, 69% soybeans, 90% popcorn, 19% potatoes, and 33% of the sugar beets produced in the U.S.

In the 1975 crop year, the twelve MIATCO states recorded net production gains in 11 out of 15 commodity areas over the 1974 crop year. In particular, corn production was up over 1 billion bushels, an increase of 28%. Sorghum and soybean production both were up 25%, barley 30%, and popcorn 33%. All wheat production was up 15% with the greatest percentage increase recorded in durum wheat, up 47%. Rye, potato, flaxseed, and dry edible bean production showed a net decrease with beans taking the sharpest drop of 22% down from the 1974 level.

MIATCO states accounted for over half of total U.S. production in seven commodity areas in 1975. They produced 90% of all the popcorn, 84% of all the corn, 82% of all the oats, 78% of all the flaxseed, 68% of all the soybeans, 65% of all the rye, and 54% of all the wheat. In durum wheat, they accounted for 91% of the total.

In export market shares, the MIATCO states also accounted for just over half of all U.S. agricultural exports in the fiscal year 1975. Of particular note, are six commodity areas in which the MIATCO states' export shares accounted for substantially more than half of the U.S. total. They are as follows: 96% of all flaxseed, 74% of all feedgrains, 68% of all soybeans and soybean products, as well as all dairy products, 63% of all meat and meat products, and 56% of all wheat and wheat products.

Total U.S. agricultural exports in the fiscal year 1976 are forecasted to set a record in both value and volume. Total export value of major commodities is anticipated to increase 5% while overall value is expected to rise 3%. Of particular note to MIATCO states are the forecasted increases in wheat and feedgrains. Exports of wheat and feedgrains are expected to increase 32% and 26%, respectively, in volume. This shows a total increase in value of about 1.5 billion dollars of 12.6% above the 1975 value of 11.5 billion dollars. While export volume for soybeans, oilcake, and meal will be up, the value of these exports are forecasted to drop 11% from the 1975 level of 4.8 billion dollars. Likewise, the value of livestock, livestock products, and dairy products are forecasted to drop 17% and 29%, respectively.

The twelve state MIATCO region is however not only a great producer of basic agricultural commodities but also a tremendous center for processed foods of all types. These can be divided into two principal groups, namely table-ready finished products and bulk semi-fir ed products suitable for further processing as ingredients in other products.

The foreign food manufacturer can look to this region to find a source of food ingredients virtually custom made for his process. Meat and meat products from the Midwest are shipped to processors around the globe to keep their production lines running.

Private organizations exist in every industry and in nearly every country to encourage and assist business and to promote international trade. Service clubs like Rotary, Lions, and Kiwanis are international. The U.S. Chamber of Commerce has units in 38 foreign countries and twice that many foreign chambers of commerce

operate in the U.S. Governments and trade organizations sponsor international trade shows where buyers and sellers from around the world exchange ideas and view products. During 1977 over 100 international trade shows and fairs were scheduled in London, Stockholm, Paris, Cologne, Milan, Sydney, Tokyo, San Paulo, Mexico City, Singapore, Taiwan, Tehran, and Moscow.

Colleges contribute by offering instruction in subjects important for international trade. Several colleges and universities in the Midwest offer degrees in international business, finance, or marketing. Learning how to conduct market research, how supply and demand affects strategic markets, and determining where new markets are developing are prerequisites for working in the field of international trade. Courses in documentation, procedures, or the services offered by various government agencies to help exporters are seldom offered. Conducting international business, like other kinds of business, takes time and training. Many types of jobs are involved and many opportunities for careers exist in this very fast moving and exciting field of international trade.

Multi-lingual abilities are a definite advantage in any work related to the import-export business. Activities such as corresponding with overseas customers by phone or telex, letters, visiting overseas and hosting international guests, all require speaking or writing a language other than English. The ability to converse in the language of one's client is desirable; it shows interest and desire to communicate, and it can facilitate reaching agreement.

As international trade continues to increase, the number of agencies, public and private, and the number of publications, meetings, and other aids to the interested businessman also increase, so one should never be at a loss for a source of information.

A limited bibliography of sources at the end of this booklet suggests some of the useful organizations and where they can be reached.

SERVICES OF THE BUREAU OF INTERNATIONAL COMMERCE

Just to list the services offered to business by the U.S. Department of Commerce would require several pages. Among the export services listed by the Bureau of International Commerce are these information services:

Trade Opportunities Program, to provide computerized mail service matching U.S. firms with trade opportunity information gathered by the U.S. Foreign Service.

Strategic Industrial Products Sales, to provide assistance in bidding for commercial export sales defense-related advanced technological products and energy-related equipment.

World Traders Data Report Service, to provide detailed information on an individual foreign firm.

Business Counseling Service, to offer guidance and schedule appointments with government officials.

Trade Complaints and Inquiry Service, to help U.S. and foreign traders settle trade disputes informally and amicably.

Product Evaluation Service, to make available the evaluation services of 14 U.S. Trade Centers.

New Product Information Service, to publicize new exportable products abroad.

American International Traders Register, to identify U.S. export firms for possible participation in U.S. overseas projects.

Domestic Seminars, to educate U.S. exporters about area markets.

Publications, to provide information about markets, trade regulations, etc.

Export Information Reference Room, to provide early information on projects funded by World Bank and certain other international organizations.

In addition to these informational services, the Bureau offers Procurement and Marketing services, including participation in U.S. Exhibitions and Trade Affairs abroad, Trade Missions, Technical Sales Seminars, and the Agent-Distributor Service to help U.S. firms find agents or distributors in other countries.

An example of lengths to which the Department of Commerce goes in its efforts to make its expertise available to interested business persons is found in this listing of telephone numbers found in a recent department publication:

The Department of Commerce has the qualified staff to assist the business community in the U.S. on all matters concerning international marketing. This expertise resides in the Department's Country Marketing Managers, with each commercially significant country in the world covered by Commerce's international trade specialists and economists.

For direct help from Commerce's Country Marketing Managers, dial 202-377 plus the extension shown for the area in which you are interested:

	202-377 plus
Africa (sub-Sahara)	4927
Europe	
France, Benelux Countries	4504
Germany, Austria	5228
Italy, Greece, Turkey	3944
Nordic Countries	3848
Spain, Portugal, Switzerland, Yugoslavia	2795
United Kingdom, Canada	4421
Far East	
Australia, New Zealand	3646
East Asia, Pacific	5401
Japan	2425
South Asia	2522
Latin America	
Brazil, Argentina, Paraguay, Uruguay	5427
Mexico, Central America, Panama	2314
Remainder South America, Caribbean Countries	2995
North Africa	5737
Near East	
Iran, Israel, Egypt	3752
Other Near East Countries	5767
Bureau of East West Trade	
Eastern Europe	2645
USSR	4655
Peoples Republic of China	3583

In addition, the Department's Bureau of International Commerce produces more than 2,000 pieces of marketing information yearly, covering nearly all significant U.S. industries, nearly 100 different markets abroad, and much "how to export" information.

To obtain a copy of the Department of Commerce's regularly published catalogue, *Publications For American Business*, or for any further information, call your nearest District Office or write to U.S. Department of Commerce, Bureau of International Commerce, Export Information Division, Room 1033, Washington, D.C. 20230.

A great deal of the most useful work of the Department of Commerce is performed not in Washington but in the 43 district offices located throughout the country in cities where there is substantial trade activity. These district offices, staffed with persons knowledgeable in the trade and industry of the local region, are able to render valuable individual service to businessmen in the area.

For example district offices sponsor seminars to help interested persons to understand the basic steps to exporting. One such seminar, held in Terre Haute, Indiana, was planned around this outline:

BASIC STEPS TO EXPORTING

1. GETTING STARTED

   a. What can be exported?
   b. What to do first?
   c. Who should be in charge?

2. SELLING THE PRODUCT OR SERVICE

   a. What are the best methods of reaching the foreign market?
   b. Where can marketing information be obtained?
   c. How can the export market be evaluated?
   d. Are there special programs to assist in locating buyers?
   e. What are the various channels of distributorship?
   f. What legal aspects of exporting should be considered?

3. TWO IMPORTANT CONTACTS – YOUR BANKER AND FREIGHT FORWARDER

   a. Where can I get help on financial questions?
   b. Where can I get help on shipping and packing questions?
   c. Can credit information be obtained on foreign buyers?

4. REPLYING TO THE INQUIRY

   a. What is the best way to communicate?
   b. Do I need to know a foreign language?
   c. Must the price be quoted in foreign money?
   d. Should the sales materials be translated into a foreign language?

5. QUOTING A PRICE

   a. Are there special rules?
   b. How should the export price be determined?
   c. What is the most common price quotation?
   d. Should the domestic selling price be used?

6. GETTING PAID

   a. What are the different methods of payment?
   b. Will I be paid in U.S. dollars?
   c. What kind of financing and credit insurance is available?
   d. What about currency restrictions?
   e. What is a letter of credit?
   f. Should I sell on open account?

7. SHIPPING THE GOODS

   a. Are export licenses required?
   b. Is special documentation required?
   c. What about import duties and taxes in the foreign country?

d. What are the different ways to ship?
e. Do I need special insurance?
f. Are there special packing requirements?

Some state departments of commerce offer additional services to manufacturers desirous of exporting, supplementing the activities of the U.S. Department of Commerce and working in cooperation with it.

An example of the kinds of assistance state governments can offer business is the publication of newsletters. The International Trade Division of the Indiana Department of Commerce publishes TRADE WINDS, which includes among its regular features columns headed "Want to Buy" and "Want to Sell." Some sample items:

French company wishes to import the following products from Indiana: sound-deadening boards (acoustical boards); acoustical tiles, roof insulation boards; foamed plastic products; foam insulation and insulation blocks; powdered cellulosic esters; building plasters and prefab building materials. Contact: Monsieur Michel Alquier, Manager, Intermat; 21 Rue des Sports; 81200 Mazamet, FRANCE.

German firm wishes to import machine tools from Indiana, especially horizontal boring, drilling and milling machinery; universal grinding machinery. Contact: Dipl. Ing. Guenther Leis, Director; Guenther Leis Engineering G mbH; Kleinhaustrasse 21; D-1000 Berlin 37 & 34, WEST GERMANY. Telex: 0184905, Cable: Leiseng Berlin.

Greek Air Force Procurement Office wishes to purchase 18 mechanical automotive sweepers. Greek Government will finance purchase. Contact: Hellenic Air Force Procurement Office; 13 Mesogion Street; Athens, GREECE.

Berlin firm wishes to buy large quantities of power-activated tools for metal machining from Indiana. Quote CIF German port prices (pref. Hamburg); electrical specifications must be 200 volts, 50 cycles; metric specifications desired. Contact: Mr. A. Groesche, General Manager; Firma August Groesche K.G.; Akazienstrasse 25; D-1000 Berlin 62, WEST GERMANY.

Dutch firm interested in purchasing rough and dressed hardwood and softwood lumber. Contact: Mr. Ralph H. Manssen, Jr., Managing Director; Fijnhouthandel & Zagerij R.F.M. Manssen & Zonen; 9 Honingerdijk, Rotterdam, THE NETHERLANDS. Telex: 26163.

German company wishes to import equipment for machining pipes up to 150 millimeters in diameter from Indiana. Large quantities desired. Electrical specifications 220 volt, 50 cycles; metric measurements necessary; quote CIF German ports (pref. Hamburg). Contact: Mr. Droessler, President; Firma Georg Droessler K.G.; Dresdenerstrasse 22; D-1000 Berlin 36, WEST GERMANY

Colombian wishes to sell complete line of stainless steel tableware. For catalog and prices contact: Marilyn Neff at the International Trade Division (317) 633-4537 or contact directly: Mr. Maximo Caldas M.; Apartado Aereo 92190; Bogota, COLUMBIA, S.A.

Brass imitation jewelry. Contact: Pretty Metal Ware Mfy.; P.O. Box K-2730; Kowloon, HONG KONG.

Trading company in Taiwan seeks outlet for wide range of products: Electronic calculators, hand crafted items, toys, accessories for garment industry. Contact: M. H. Kuan, Marketing Mgr.; Taiwan Durex International Co.; P.O. Box 43-88; Taipei, TAIWAN, Telex: YEEFOOCO 22136.

Pre-Fab Saunas. Contact: Helo Factories; Kirkkokatu 2; 00170 Helsinki 17, FINLAND.

Japanese manufacturer of CB communication antennas and car antennas seeks buyers. Contact: H. Ono, President; Hokushin Industry Co., Ltd.; No. 12-7, Kotobuki 4-Chome; Taito-Ku, Tokyo, JAPAN. Telex: 0265-5402-2655402 HOKDOLJ.

Taiwan exporting company seeks to expand market in sales of: handcrafts, handbags, cosmetics, toys, dolls, and umbrellas. Contact: Y.C. Kao, President, Fullyear Enterprise Co., Ltd.; P.O. Box 30-102; Taipei, TAIWAN, Cable: FORMOZAONE.

Swiss firm seeks wholesalers for the distribution in U.S. of baler twine. Contact: Mr. H. Amsler; Vogt and Company Wire Works Ltd.; 5734 Reinach (AG); SWITZERLAND. Cable: VOCO.

Brazilian firm is interested in exporting models of diesel tractors into the Midwestern market as well as finding a U.S. representative for their products. Contact: Bonnie Sando at (317) 633-4537 for further information.

SOME SPECIAL TERMS

While trade is trade, whether it is domestic or foreign, there are some special conditions that apply only to foreign trade, and these have necessitated the creation of special terms to identify special situations. This sampling of phrases from a booklet published by MIATCO is representative:

Clean Bill of Lading:	A bill of lading which covers goods received in "apparent good order and condition" and without qualification.
Clean Draft:	A draft to which no documents have been attached.
Common Carrier:	A corporation, partnership or individual which hires to transport persons or commodities and which is governed by special laws, such as accepting all business offered them within their regulations.
Confirmed Letter of Credit:	A letter of credit which has the confirmation of an American bank; the confirmation gives the credit prestige and responsibility since the issuing foreign bank may not be well-known to the buyer.
Consignment:	The physical transfer of goods from a seller (the consigner), who retains title, to the consignee, who acts as selling agent by selling the goods for commission, remitting the net proceeds to the consigner.
Convertibility:	The ability of the holders of a currency to exchange it for foreign currency in the open market.
Devaluation:	The lowering of the trade value of a nation's currency in relation to other currencies by reducing the gold content or by revising the ratio to a new agreed standard brought about by government decision.
Date Draft:	A draft payable a certain specified number of days from the date of issue.
Demand Draft:	A draft payable upon demand.
Euro-Dollar Trading:	Banks accepting dollar-denominated deposits of foreign banks and lending the funds, earning its return from the difference between the interest charged and the

interest paid. The foreign based holder of U.S. dollars can earn interest at higher foreign rates without converting to the foreign currency and taking an exchange risk.

Exchange Rate: The number of units of one currency that may be exchanged for one unit of another currency.

Foreign Exchange: Any currency, once it leaves its country of origin, becomes foreign exchange subject to a buy or sell market.

Forwarder: An independent business which makes shipments for exporters for a fee.

Free Port: A port in a foreign trade zone which is open to all traders on equal terms and in which goods may be stored duty-free while awaiting re-export or sale within the country where the port is located.

And in the interests of economy, it frequently becomes desirable to use initials. Again, a sampling will be enough to illustrate the specialized references that might make it appear at times as if foreign trade had created its own language.

F.O.B.	Free on Board
F.O.R.	Free on Rails
F.P.A.	Free of Particular Average
G.A.	General Average
G.m.b.H.	German for "Limited Liability Company"
G.T.	Gross Ton
L/C	Letter of Credit
L.C.L.	Less than Carload
Ltd.	Limited. British term meaning "Limited Liability Company"
Ltda. or Lda.	Same as above in Portuguese or Spanish
L/T	Long Ton (2240 lbs.)
M.E.C.	Marine Extension Clause
M.I.P.	Marine Insurance Policy
M/R	Mate's Receipt
M/T	Metric Ton (2205 lbs.)
M/V	Motor Vessel

N.O.E.	Not Otherwise Enumerated
N.V.	Dutch term for "Incorporated"
O.C.P.	Overland Common Points
O.R.L.	Owner's Risk of Leakage
P.L. 480	Public Law 480 (of 1954). For specific cases allows U.S. agricultural exporters to sell in the currency of the country of destination.
PTY.	Proprietary (type of Company in certain British Commonwealth countries).
R.O.D.	Refused on Delivery
S.A.	French, Italian, Spanish or Portuguese for "Incorporated"
S.L.&C.	Shipper's Load and Count
S.R.&C.C.	Strikes, Riots, and Civil Commotion
S.S.	Steamship
S/T	Short Ton (2000 lbs.)
T.T.	Telegraphic Transfer
W.A.	With Average
W.R.	War Risk

COMMON IMPORT DOCUMENTS

1. Arrival Notice

Sent by the carrier, it informs the notified party of the estimated arrival date of the vessel, identifies the shipment with some details, such as number of packages, weight, etc., and indicates when free time expires. Often is also a freight bill.

2. Customs Entries

a) Consumption Entry – a form required by U.S. Customs for entering goods into the United States. The form contains information as to the origin of the cargo, a description of the merchandise and estimated duties applicable to the particular commodity. Estimated duties must be paid when the entry is filed.

b) Immediate Delivery Entry – used to expedite the clearance of cargo. (It allows up to ten days for the payment of estimated duty and processing of the consumption entry. In addition, it permits delivery of the cargo prior to payment of the estimated duty and then allows subsequent filing of the consumption entry and duty.) Also known as I.D. entry.

c) Immediate Transportation Entry – allows the cargo to be moved from the pier to an inland destination via a bonded carrier without the payment of duties or finalization of the entry at the port of arrival. Known as an I.T. entry.

d) Transportation and Exportation Entry – allows goods coming from or going to a third country, such as Canada or Mexico, to enter the U.S. for the purpose of trans-shipment. Known as T&E entry.

3. Carriers Certificate and Release Order

Used to advise Customs of the details of the shipment, its ownership, port of lading, etc. By means of this document, the carrier certifies that the firm or individual named in the certificate is the owner or consignee of the cargo. Commonly known as Carrier Certificate.

4. Delivery Order

Issued by the consignee or his customs broker to the ocean carrier as authority to release the cargo to the inland carrier. Includes all data necessary for the pier delivery clerk to determine that the cargo can be released to the domestic carrier. May also be known as Pier Release.

5. Freight Release

Evidence that the freight charges for the cargo have been paid. If in writing, it may be presented at the pier to obtain release of the cargo. (Normally, once the freight is paid, releases are usually arranged without additional documentation.) Also known as Freight Bill Receipt.

6. Special Customs Invoice

An official form usually required by U.S. Customs if the rate of duty is based upon the value and the value of the shipment exceeds $500. This document is usually prepared by the foreign exporter or his forwarder and is used by Customs in determining the value of the shipment. The exporter or his agent must attest to the authenticity of the data furnished.

EXPORT GUIDE

Cargo moves on paper! The part you play is shown in the following steps.

Shipper

1. Prepare Domestic Bill of Lading for movement of cargo to pier, and sends copy to his forwarder in New York, along with packing list

2. Checks Bill of Lading:
   number of packages
   marks and numbers
   description of cargo
   foreign destination
   gross weights of each package shipped
   local party to be notified

3. Marks cargo plainly, to show:
   gross and net weights
   cubic measurement
   foreign destination
   identification marks
   country of origin

Motor Carrier

4. Secures interchange agreement with steamship company on containers.

5. Accepts cargo for transit to the Port of New York.

6. Advises freight forwarder of shipper's local representative of cargo's arrival in New York.

7. Obtains the following information from forwarder or representative:
   name of vessel
   sailing date
   pier number and location
   location of any special permits needed to clear hazardous or oversize cargo for acceptance by ocean terminal.

8. Obtains Dock Receipt from forwarder or other representative to accompany cargo.

9. Contacts terminal operator to make appointment for special handling or equipment, if required, at least 24 hours before delivery.

Forwarder

10. Provides Dock Receipt and special permits, if any, to delivering motor carrier.

11. Checks Dock Receipt for completeness:
   name of shipper
   name of vessel
   ports of loading and discharge
   number and type of packages
   description of cargo
   gross weight, dimensions, and cubic measurement of each package
   marks and numbers
   shipper's export declaration number, if required.

Driver

12. Moves his truck on line upon arrival at pier.

Terminal Operator

13. Issues pass to driver at gate house.

14. Checks driver's papers:
   Dock Receipt
   Permits

15. Calls driver for unloading

16. Assigns driver a checker and an unloading spot.

Driver

17. Unloads his vehicle (using extra pier labor is optional, at rates specified in the Terminal Conference tariff.)

18. Obtains signed copy of Dock Receipt, and receipt for extra labor, if used.

Terminal Operator

19. Retains original of Dock Receipt.

Driver

20. Surrenders gate pass at gate house.

Terminal Operator

21. Forwards Dock Receipt to steamship company.

Steamship Company

22. Issues Ocean Bill of Lading to shipper or his agent.

IV. MULTINATIONAL CORPORATIONS (MNC's)

One of the most significant developments in international trade in recent decades has been the growth of multinational corporations, often referred to as MNC's. These are simply businesses, usually very large ones, that operate in many countries.

As companies increase their business relations with other countries they tend to become more involved with overseas operations, often establishing their own plants for production or merchandising in the foreign country. A company that becomes very much involved in other countries is usually known as an MNC, if it can be identified by these three characteristics:

1) The company operates in at least six countries.

2) The company has sales exceeding $100 million per year.

3) The company has foreign subsidiaries that comprise at least 20% of its total assets, sales, and labor force.

Additional important characteristics of a multinational corporation are: its direct foreign investment in productive facilities in foreign countries is at least 15-20 percent of the company's total investment outlays; in foreign countries, in addition to production, the company is likely to be engaged in research and development; and management and stock ownership are multinational.

Evolution and Functioning of MNC's

The evolution or development of the MNC usually proceeds through a number of basic steps. Initially, the company will export, selling its products through overseas distributors. The second stage involves the establishment of overseas sales subsidiaries. This is followed by the building of plants abroad, either for local assembly or complete production. This stage constitutes direct foreign investment.

The final stage is when the regional production subsidiaries are given full operating authority and the parent company's role becomes one of planning and coordination. This final stage marks the full maturing of the MNC.

The basic functioning of a multinational corporation may be seen in this hypothetical example. ABC International, with world headquarters in Chicago, has manufacturing plants in Buffalo, New York, and Greensboro, North Carolina. These plants produce component parts, which are then shipped to ABC's Turin, Italy, plant for final assembly. The Turin plant may have been financed by banks in Zurich, Switzerland, and insured by London insurance companies. Finally, the assembled and finished product is shipped from Genoa, Italy's largest port city, to world-wide markets, including Chicago.

The Size of MNC's

In 1973 the gross world product was about $3 trillion. MNC's accounted for approximately 15 percent or $450 billion of the gross world product. Of this $450 billion, United States' MNC's generated almost 50 percent. One company, General Motors, had sales of $28 billion in 1971, which exceeded the Gross National Product of 130 nations.

The colossal size and consequent power of the MNC's is dramatically illustrated in this combined ranking of certain countries and selected corporations, based on their GNP or gross annual sales in billions of U.S. dollars.

ECONOMIC SIZE OF SELECTED NATIONS AND CORPORATIONS
GNP or Gross Annual Sales in Billions of U.S. Dollars

United States	$974.10
Japan	197.18
China	82.50
Mexico	33.18
GENERAL MOTORS	24.30
South Africa	16.69
STANDARD OIL (N.J.)	16.55
Hungary	11.33
ROYAL DUTCH/SHELL	10.80
Turkey	9.04
GENERAL ELECTRIC	8.73
Chile	7.39
UNILEVER	6.88
Thailand	6.51
TEXACO	6.35
Nigeria	5.80
GULF OIL	5.40
Israel	4.39
VOLKSWAGENWERK	4.31
Algeria	4.31
N.V. PHILIPS	4.16
Ireland	4.10
BRITISH PETROLEUM	4.06
Malaysia	3.84
NIPPON STEEL	3.40

NOTE: This table uses 1970 figures for all except the centrally planned economies (including China) and General Motors, for which 1969 figures are used.

SOURCE: Adapted from Lester R. Brown's *The Interdependence of Nations* (New York: Foreign Policy Association, 1972), pp. 14-15.

Some Reasons Why Companies Become Multinational

There are numerous reasons, but the following are the most important:

1) The search for more profits. Many United States-based MNC's today generate more profits from their foreign operations than their domestic activities.

2) The development of natural resources at their source. Oil and mineral companies especially have followed this path. The advantages of vertical integration may be obtained.

3) Taking advantage of low cost foreign based labor and capital. Many manufacturing companies have been motivated by this. Chicago-based Zenith Radio and Television Corporation produces all of their black and white television sets in the Far East.

4) Tapping foreign markets. Ninety percent of the output of United States-owned firms abroad is purchased by foreign rather than U.S. markets.

5) To diversify product lines. This minimizes risks due to business cycles, labor strife, or supply interruptions.

6) Circumventing tariff barriers. Building production facilities in foreign countries and therefore behind the tariff barriers is the basic strategy.

7) Investing in Third World countries. Often Third World nations, to spur rapid development of their impoverished economies, offer MNC's special incentives (e.g., tax breaks and protected markets) to build industrial plants in their countries.

8) Licensing arrangements. Initially, a company with a strong technological advantage may license a foreign-based company to produce the product. Later this may lead to the licensee being bought by the licensor. Or the licensing arrangement is terminated because the licensor can earn more by building facilities in the foreign nation.

Just as a large firm enjoys certain advantages over a small firm, multinational firms add other impressive advantages. They have access to world-wide pools of talent, finance, and research and development, and they enjoy wider options as to when and where they will produce and market their products. These advantages make some multinational corporations virtual monopolies, with the ability to charge more than a normal price for their products and to prevent the entry of new competitors into the field.

Whether the influence of the MNC contributes to global welfare is an open question. Students in the more developed countries think it does, while those in the less developed countries believe otherwise. The proponents of MNC's see them as removing international barriers, promoting world-wide exchange, and taking advantage of a nation's relative advantage such as abundant natural resources, skilled labor, etc. Opponents are more impressed with the undesirable monopolistic characteristics of MNC's and the domination of underdeveloped countries by foreign investors. Some critics point out that the sudden introduction of advanced technologies and capital intensive operations substituted for labor intensive operations has resulted in increased unemployment in third world countries.

A serious question arises about the responsibility of any export company, MNC or other, that goes into an underdeveloped country. As one executive has said, "If an exporter merely pops into a developing country, puts

some of his hardware down in its midst and pops out again he will have inscribed himself and his country in the unlamented ranks of others who have 'hit and run' before him."

Some notion of how a typical multinational corporation operates may be gleaned from the following account of the world-wide activities of Kraftco, a Mid-America firm that has become a giant business operating in 135 countries.

Example of an MNC: Kraftco Corporation: Global Responsibility

Headquartered in Glenview, Illinois, a Chicago suburb, Kraft Inc. is an MNC of approximately 49,000 employees working throughout the world on the important task of meeting mankind's need for nutritious and high quality food. In 1975 Kraft's world-wide sales were $4.9 billion. Outside the United States and Canada, sales were $764 million and employment was 14,000. Over 6000 processed food products and manufactured dairy products are manufactured in 16 nations and marketed, principally under the "Kraft" trademark, in more than 135 countries.

Kraft Inc. International Division, headquartered in Glenview, and one of five divisions, includes the food processing and distribution operations outside of the United States and Canada. Factories are located in Australia, Belgium, Denmark, Italy, Mexico, New Zealand, Panama, Philippines, Republic of Ireland, Spain, Sweden, United Kingdom, Venezuela, and West Germany.

A philosophy of local autonomy prevails in Kraftco's international operations. International products are not mere extensions of product lines for United States consumers, but are specifically developed to meet established consumer needs in the countries where Kraft subsidiaries operate. Overseas plants and facilities are built by local contractors, staffed with local residents, and managed almost exclusively by local executives.

In Western Europe, important marketing considerations have included product introduction, produce use, food distribution, and refrigeration. In introducing a new product into Western European markets, Kraft has learned to be very careful with products which seem to have universal consumer acceptance. The formula for success has been to adapt a product to local tastes and preferences. For example, with pre-packaged natural cheese, the Corporation discovered that consumers in the United Kingdom strongly prefer the taste of cheddar cheese over other varieties. On the continent, mainly in the Republic of West Germany, consumers shun cheddar in favor of swiss cheese. Also, different cheese flavorings in convenience dinner products are used, depending on the specific market.

Product use varies considerably from nation to nation. In the United Kingdom, many years ago butter was used mainly as a cooking fat. During the shortages of World War II, only margarine was available. When rationing ended, there was a swift return to butter for cooking. However, through promotional efforts by Kraft, lower-priced margarine again took over the function of cooking fat, and butter was used primarily as a spread. In Italy, by contrast, margarine is used exclusively as a cooking ingredient, because Italians put nothing on their bread.

Food distribution patterns in some parts of Europe are quite different from those we are accustomed to in the United States. The general trend in the U.S. is toward centralized warehousing, with the retailer doing the local delivery and store stocking. While this pattern is followed in Holland, Switzerland, West Germany, and the Scandinavian countries, in France Kraft sells through a network of smaller wholesalers. And in Italy the pattern is completely different because food retailers are licensed by location.

In Western Europe, refrigeration facilities are unequally distributed. Even though "Philadelphia Brand" cream cheese has been well received in Europe, Kraft is limited to about 20 percent of the market since cold storage and display facilities are generally inadequate.

Thus, creative and intelligent marketing is required by the Corporation to meet the unique and special local consumer wants and needs existing throughout Western Europe.

In Australia, where Kraft is celebrating fifty years of operations, the philosophy of local autonomy permeates the activities of the Corporation. A close relationship exists between Kraft, the dairy farmers, and the dairy industry. For example, prior to 1935, at Allansford, the Warrnambool Cheese and Butter Factory Co-operative Ltd. was operating under a leasing arrangement with Kraft. Beginning in 1935, Kraft assumed the cheese manufacturing operations, while the Co-operative continued the butter operations. This joint operation continues today, with Kraft responsible for the picking up of milk in Kraft tankers from dairy farms, delivering the milk to

the factory, and buying the processed milk from the Co-operative for Kraft's cheesemaking operations. Kraft, in turn, transfers cream to the Co-operative factory for their butter making operations.

In all 10 Australian states, Kraft sales teams cooperate with retailers to create special displays in stores. These activities are coordinated with advertising, which is based on intensive and careful research into the ever-changing tastes of the Australian consumer.

Kraft Inc. is a multinational aware of its global responsibilities in meeting humankind's need for adequate supplies of nutritious food. William O. Beers, Chairman and Executive Officer of Kraft Inc. in a statement to stockholders in the 1974 Annual Report said:

> "Last fall (1974), the nations gathered in Rome for a world food conference. Kraft Inc. participated, and we believe progress was made toward overcoming some of the obstacles to providing ample food for all human beings. We are convinced those problems can, and will, be solved. Since 1950, the world's population has increased by 50 percent, but during the same period food production has doubled. The world can be fed from fewer acres of land than are presently being used, simply by applying our existing technology. Despite very serious shortages of resources in certain regions of the world, man's capacity to feed the world's population need not be in doubt, if only the necessary amounts of capital, technology and determination are made available. Nevertheless, the challenges are severe, and it will be some years before we again have the security of stored food surpluses. Meanwhile, Krafto will be an increasingly active partner in the campaign for world food sufficiency."

To that end, Kraft is researching and developing (1) single-cell protein derived from whey (a by-product of cheese making) for human and animal consumption; and (2) the use of whey in combination with vegetable protein from soy to produce a highly nutritious and low cost whey-soy drink mix. The latter drink mix is being considered for use in under-developed countries through licensing agreements with local companies.

WHAT IF?

What if Arab countries were to trade their oil only for technological assistance (including assistance in the area of nuclear development)?

What if, by the year 2000, all people were forced to live in cities of 100 story buildings?

What if people were paid in food instead of money? . . . were paid for their labor on a social utility scale? What if those who contributed most to society, regardless of their job, were paid the most? . . . a farmer in Sahel, Africa were to receive the same as a farmer in the United States?

What if countries pollute the land, air, and water in order to acquire more energy at less cost?

What if pollution along the Japanese coasts cuts fish production (their main source of food) by 50%?

What if waste from an atomic reactor in a small town in Belgium were to contaminate an area of 300 square miles?

What if Arab oil exports to Europe and Japan were stopped?

What if the world's population continues to grow at its present rate which doubles the world's population about every 34 years?

What if the United States' grain production was suddenly reduced to 50%?

What if all forms of private transportation were banned and only public transit systems were allowed?

What if all nations had to share their energy and food supplies?

What if the prices of natural gas, oil, and electricity double in the next ten years?

V. THE FUTURE: WHAT LIES AHEAD?

The future of your community, your state, Mid-America, the United States, and the entire world are increasingly interdependent. With the accelerated tempo of travel, the world-wide use of television, the increased mobility of the world's population, and other factors, what happens anywhere has effects everywhere. If no person is an island surely no community is isolated for long from the rest of mankind.

The links that bind the human race together are endless. The common threads of culture, of art, music, and literature; the problems the whole of humankind faces in common, problems of food and fuel, energy, pollution, and population pressures; hopes we hold in common for the solution of our problems of poverty, illness, armaments, and threats of war; technologies that are shared throughout the world in manufacturing, in news transmission, in surgery, weather forecasting and a hundred other endeavors.

This booklet has dealt with only one of the myriad ties that bind the world's people ever closer – international trade, and this has been dealt with strictly from the viewpoint of Mid-America. World trade can be viewed as just one of many supporting threads that must be understood and encouraged so that the increasing intimacy of the earth's people will be a cooperative and sharing relationship instead of a hostile, warring one.

World trade is not a simple, automatic benefit, but a complex and difficult relationship that carries elements of self-interest that can be abused and can lead to mistrust and strife if it is misunderstood or if the national goals and cultural mores of other parts of the world are not understood.

The schools bear a heavy burden to help young people understand international problems of which most adults are not aware. International trade is a vital area that can contribute to the solution of problems and to the enrichment of life for the entire world. Properly handled, international trade brings self-interest and world interests into harmony. This optimistic view is not utopian. It is essential for survival and it is difficult to achieve. Chief among the difficulties is the element that has been totally ignored in this booklet, but which students must become aware of, namely the political aspect. Nations have a long tradition of placing the welfare of their own citizens ahead of all other considerations, even at risk of devastation to other parts of the world. The new interdependence and the risk of atomic holocaust makes this brand of chauvinism obsolete and hazardous.

A single aspect of the complex political implications of international trade is the delicate relations between the superpowers. Another is the interaction between the industrial countries and the poorer developing nations.

A former Secretary of Commerce of the United States, Peter Peterson, emphasizes this intermingling of economic and political relations with the Third World in his comments in the *New York Times*, May 12, 1975, p. 35:

> "About one billion people live in extreme poverty in the third world, with only a $20 increase in total annual income over the last ten years. Sixty-two percent are illiterate; their average life expectancy is 50 years, with an infant mortality eight times ours. For one out of every two people in these countries, nutrition is below minimum acceptable standards.
>
> Thus, without a massive increase in available food, how can there be a New International Economic Order? For if people are starving, there will be no order at all. Still, these poorest countries invest only 3 percent of their gross national product in agriculture. And if current food trends continue through 1986, these countries will have to import over $20 billion of grain alone at current prices – more than today's worldwide annual official aid.
>
> Even if we could supply this much grain, who would or even could pay for it? And what would a drain of that magnitude do to domestic grain prices, not to mention the political reverberations? (We must find areas of joint gain – that is, by increasing their production they can eat better and we pay less at the supermarket.)"

Schools must do what they can to raise levels of understanding, awareness, and concern for world problems. International trade is only one area where knowledge and dedication is essential, but it is a crucial one. If the schools do not assume responsibility to make the coming generation more aware of international responsibilities, who will?

HELPFUL AGENCIES

Many agencies, both public and private, publish reports of interest and value to anyone studying international trade.

At the international level the major source is of course the United Nations and its many special agencies. Correspondence directed to the United Nations Office of Public Information, Room 1045B, United Nations, New York, New York 10017 will be directed to the appropriate office. Other materials are available from UNESCO Publications Center, P.O. Box 433, Murray Hill Station, New York, New York 10016.

Three federal offices likely to be helpful are:

The United States International Trade Commission, 701 E Street, N.W., Washington, D.C. 20436.

The Department of Commerce, 14th Street Between Constitution and E Streets, N.W., Washington, D.C. 20230.

The Division of International Education, Office of Education, Department of Health, Education and Welfare, Washington, D.C. 20202.

Also located in Washington is the St. Lawrence Seaway Development Corporation, 800 Independence Avenue, Washington, D.C. 20591, the source of information about the Seaway.

Some of the most important agencies are state and regional and can be located in local directories. Every state has a department of commerce, a chamber of commerce, and a state university, most of them with divisions concerned with international trade.

In many large cities can be found consular offices and offices of the U.S. Department of Commerce, located in large trading areas but designed to serve a whole state or region. Such cities may also be the sites for World Trade Associations or World Affairs Councils.

Private agencies too tend to be concentrated in large cities where there is much trade activity. Port authorities, shipping companies, import-export management firms, airlines, and various trade and industry associations may publish informative literature.

Comprehensive bibliographies are available from the Mid-America Program, including detailed listings and addresses for agencies in the Mid-America states.

Educational Organizations operating primarily for the purpose of promoting international cooperation and offering materials and services for educators include:

CENTER FOR GLOBAL PERSPECTIVES (Formerly Center for War/Peace Studies), 218 East 18th Street, New York, New York 10003; Larry E. Condon, Executive Director. A national educational agency to increase awareness of the global society and its problems. Publications: *Intercom* – a quarterly for educators. Each issue can be used as a mini-unit.

GLOBAL DEVELOPMENT STUDIES INSTITUTE, P.O. Box 522, 14 Main Street, Madison, New Jersey 07940; J. Carlisle Spivey, Vice President. Seeks to expand global studies in schools and colleges; to evaluate current courses; to extend international exchange. Publications: "Global Development Studies: Model Curriculum" ($5.56); "World Food Supply: A Global Development Studies Case Study" 1976 ed. ($2.56). Write for more information.

GLOBAL EDUCATION ASSOCIATES, 522 Park Avenue, East Orange, New Jersey 07017; Jeffrey Brown, Director, School Programs; Patricia M. Mische, Director, Educational Development. Provides information on global interdependence, global values and issue concerns – peace, social justice, hunger, ecology, etc.; religion and world order; developing grass-root world order movement. Publications: Newsletter; monographs; books, including: *Toward a Human World Order: Beyond the National Security Straitjacket.*

INSTITUTE FOR WORLD ORDER, 1140 Avenue of the Americas, New York, New York 10036; Betty A. Reardon, Director, School Program. Focuses on curriculum development on human rights, especially problems of ethnic minorities and economic well-being as a world order value. Publications: Random House series on world order "The Struggle for Human Rights," "The Cold War and Beyond,"; two films on population and the quality of life and unpaid work of women also available.

INNERCULTURE ASSOCIATES, INC., Box 277, Thompson, Connecticut 06277; Henry Ferguson, Director. Provides materials, training and cultural-learning curriculum consultancy so that American students can learn to avoid stereotype, prejudice, predisposition and bias. Publications: Books; filmstrips; multi-media (including authentic artifacts); slides; study print; class plans for mini-courses. Selected Publications: *Changing Africa: A Village Study Unit; Village Study Kit* (India); *Cultural Initiative Series* ("Africa," "Latin America," "Our Heritage," "South and Southeast Asia"); *Cultural Awareness Through Inquiry and Research* (Project "CAIR"). Write for publications list.

MID–AMERICA PROGRAM FOR GLOBAL PERSPECTIVES IN EDUCATION, Social Studies Development Center, 513 North Park Avenue, Bloomington, Indiana 47401; James M. Becker, Director; Gerald W. Marker, Associate Director. Works in Indiana and four surrounding states to promote global education in pre-collegiate institutions and to coordinate target group programs and stimulate additional global education program development. Publications: Listings of individuals, programs, and agencies in participating states; various bibliographies and directories of materials and resources; Global Education Handbook.

OVERSEAS DEVELOPMENT COUNCIL, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036; Jayne Millar Wood, Director, Public Education. Seeks to increase understanding of the problems faced by the developing countries and the importance of these countries to the U.S.; to distribute information; to promote the importance of incorporating a global perspective into curriculum. Publications: Focusing on Global Poverty and Development: A Resource Book for Educators; Communique series (8-12 page briefs on critical issues in development); Development paper series (pamphlets on major current development issues intended for the general public; books on various global development topics, including *By Bread Alone, Agenda for Action, In the Human Interest, Beyond Dependency.*